WIM VERMEULEN

MARKETING FOR THE MAD WOMEN OF TOMORROW

STRONG BRANDS IN A WORLD OF ALGORITHMS

LANNOO CAMPUS

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A book about marketing and advertising without case studies is inconceivable. In this book, I therefore discuss about forty prime examples. Related pictures and videos are all available on the internet, but to make things easier, we have collected all visual aids on **www.wimvermeulen.com**

This icon indicates that material related to an example can be found on the website.

INTRODUCTION

‘What happened to the funny ads?’[2], American business magazine *Fast Company* asked in September of 2017. Where have the big marketing campaigns gone, those that could move people to tears? Those that launched and sold out products, those that saved companies from bankruptcy overnight?

We are under the impression that those no longer exist. Why would they? The world has changed too much, just like the consumer and the media. So why would we still annoy consumers with mass media advertisements? Would it not be much more cost-effective to contact them directly? Thanks to the right data, we are able to convey our message when it matters most, right before an online purchase for example. We can measure and direct the effect on the spot. Then why, for heaven’s sake, still bother with big campaigns? They cost tons of money and reach tons of consumers that do not even have to be reached. On top of that, the campaign’s effect is not immediately or directly noticeable and more difficult to translate into spreadsheets. Hasn't it become silly to even try?!

That is what we, marketeers, were told for years. It has seeped into what we think and what we do. It is the starting point of our briefings and lays the foundation of the campaigns we bring to the consumer. However, it is a wrong point of view entirely. A steadily growing mountain of data shows that the effectiveness of our campaigns has been declining. Our work is weakening brands and is negatively influencing sales. That can never be the point, quite the opposite: we have to stop this trend. Sooner rather than later. After all, an industry making a product with a negative ROI is doomed to disappear.

We assume too easily that the decreasing effectiveness of our campaigns has to do with ‘the change’. We have to stop feeling sorry for ourselves and stop blaming it all on the digital revolution. Nor is it the millennials being sick of any form of advertising or the decreasing popularity of traditional media. The causes behind the decreasing efficacy of our campaigns are entirely our own.

WE DO NOT CEASE TO CONFUSE OURSELVES

Next time Google pops up on your screen, type in 'The death of the TV-commercial'. You will be stunned by what you read. The commercial is dead. Or not. Or maybe a little. In 2017 we came to the conclusion that the TV-commercial is not dead at all, on the contrary: it is the foundation of the most effective campaigns. This assessment ends a debate that, according to Google, started in 2011. Six years of confusion summarized on one Google page. Type in 'The death of the banner ad' and you will see it again. We have declared almost all advertising techniques and media dead. We seem to be having the uncontrollable urge to kill off something old every time something new comes along. How does this make us feel? Confused, and being confused in times of great change is just not a good idea. We have to rid ourselves of this feeling however, because the changes will keep coming. In chapter one we will discuss the speed of these changes, while in chapter two we will focus on the resulting confusion.

WE ARE NOT FOLLOWING THE GROUND RULES

Every discipline has its ground rules. An architect wanting to build a skyscraper has to adhere to the laws of physics. He or she can choose whether or not to follow the latest design trends, but simply cannot ignore the basic laws of physics. Marketeers are architects as well, but we have been building skyscrapers without paying much attention to the laws of physics, which is why our towers are threatening to collapse, one by one.

Our 'laws of physics' were written by advertising giants like Bill Bernbach and David Ogilvy. Bernbach stands for the B in DDB, the famous international advertising agency. He wrote a memo in 1947 that launched the creative advertising revolution in the 1950s and he led by example, creating many of the now classics in advertising. David Ogilvy founded Ogilvy & Mather, today a part of WPP, the world leader in advertising. He was the other revolutionary. Together they reinvented our field. If these men could see our work today, however, they would show us the door. We have been and still are blatantly breaking their laws. It is time we reinstate their legacy. In chapter three we will discuss each of these giants of advertising, making it easier to understand what they can teach us.

WE ARE ONLY THINKING SHORT-TERM

It all started with the financial crisis of 2008. Companies were fighting to survive. All attention went to putting a halt to declining sales. We switched to short-term mode. However, even though the financial crisis has more or less been dealt with and even though it has been a decade now, we are still stuck in the same mind-set.

We are saturating the consumer with rational arguments. Promotions, competitions, discounts: everything that will pay off tomorrow we put into our action plans. Is it surprising then that the loyal customer has become a dying breed? That our consumers will jump from one promotion to the next without paying any attention to the brand? That the majority cannot even be bothered about the actual existence of brands? Of course not, right? Then why do we still continue to think only short-term?

Because we are stuck in a vicious cycle. Sales activation does exactly what it says on the tin: it activates sales. Stop the action and sales will drop again. We use them to create peaks, but we are not achieving sustainable growth. This is attainable only by combining sales activities with brand building. We even know the most efficient budgetary mix: 60% of our yearly advertising budget has to go to brand building, 40% to short-term sales activation. However, we are not adhering to this ratio. We are only thinking short-term and we are launching one sales activation after the other. But that only heightens our consumer's sensitivity to promotions. This dooms us to keep having to activate sales. We will discuss this vicious cycle in-depth in chapter four.

THE ALGORITHMS ARE AT THE DOOR

Amazon Echo's success is spectacular. Its sales in the first year after launch rival those of the iPhone. Not too shabby for a brand new product. No wonder so many similar products are being launched. Google, Microsoft, Apple, Sony: they all want their share.

Amazon Echo is a plastic cube, a smart speaker, that houses Alexa. Alexa is a personal assistant, like Siri or Cortana. An algorithm. What Alexa does very well is help you shop. When, for example, we are out of butter, we can simply say: 'Alexa, we need butter'. Alexa jots it down on our virtual grocery list. If we do not want to buy anything else, we just ask Alexa to put in our order. The system does so immediately. Piece of cake.

Think about a non-virtual grocery list. What does it say? Milk, butter, water, cheese, fruit, laundry detergent or yogurt, right? We usually describe products generically. Only occasionally do we add a brand to the mix. That is what we do when we call on Alexa. 'Alexa, order water.' 'Alexa, buy two tubs of ice cream.' We keep it general; it is up to Alexa to complete the order and fill in the brand. The algorithm decides based on pricing, scores, reviews and other rational factors.

However, do we want to leave the decision making to Alexa? Is it not in our best interest that the consumer is consciously asking for our brands? Yes, but only strong brands will be able to pull that off, because only strong brands that rate high in brand preference get called by their names. For example: 'Alexa, buy two tubs of Ben & Jerry's.' If your brand is not strong, that needs to change. Fast, because Alexa or Siri are obviously not coming alone. There is an invasion of algorithms going on, as we will discuss in chapter five.

HOW DO WE MAKE BRANDS STRONG, FAST?

To answer this question, we will dive into the work of a number of neuroscientists. It is baffling how much progress is made in the field of neuropsychology. The consumer's brain says more about their behavior than they possibly could themselves. We also understand better and better how the consumer makes decisions and what role advertising plays in this process.

A dive into data is indispensable as well, based on analyses by the IPA database (Institute of Practitioners in Advertising). At the moment it is the biggest advertising database in the world, counting more than 1200 case studies starting from 1998. Of course, we have to mention the classics, but we will also look at some of the work by twenty-first century brands, as well as examine the research on more than 2,200 campaigns sent in for the Effectiveness Awards of the IPA.

We will take a detailed look at forty of the most effective campaigns. They made brands stronger and blew up sales, paving the way for an impressive increase in results. They also succeeded in making the consumer discuss and share the campaign, which more often than not the consumer did loudly and convincingly, thus creating extra share of voice and multiplying the original investments by the brand.

What do these campaigns teach us? All forty of them have a number of common characteristics, which we will uncover and compare to subsequently use them in the construction of a new model. This new model can stand up to the challenges of advertising in the twenty-first century. We have called it the 'TapForward Communication Model' and, currently, it is the most fitting model to promote brands in today's digital world. It outperforms the existing communication models on both brand building and increasing sales. We will discuss this new model in chapter five as well.

TO THE MAD (WO)MEN OF TOMORROW

Advertising is a craft. Our craft is to seduce. We seduce consumers to pick one brand over another. David Ogilvy said it loud and clear: 'Your role is to sell, do not let anything distract you from the sole purpose of advertising.'[3]

The giants of advertising revolutionized our field in the '60s. Advertising had evolved into a game of numbers and strict laws which crippled results. People like Bill Bernbach thought this needed to be done differently. This is what his memo was about. The document went down in history as the start of a creative revolution. We know what it brought us: a new golden age for our industry.

Today we are in a similar situation. It has all become a bit too technical. Our thinking has been confined to the short-term. We are forgetting our laws of physics and we are not ceasing to confuse ourselves. It is time to take back control. It is time for a new memo. It is time to baffle our consumers again, instead of being a nuisance. Time to make brand-strengthening campaigns that succeed in driving sales through the roof.

It is time.

It is your time.

CHAPTER 1

THE WORLD IS RUNNING ON A NEW OPERATING SYSTEM

'I FEAR THE DAY THAT TECHNOLOGY WILL SURPASS OUR HUMAN INTERACTION.'

ALBERT EINSTEIN

THE FIELD OF ADVERTISING IS FANTASTIC

The advertisements we produce are usually not all that great. The banners even less so, never mind those promoted posts on Facebook. Every once in a while, though, we still manage to get it right. Then we can see the true magic of what we do. Suddenly, a simple idea changes the whole perception of a company or makes a product successful as if from thin air. This is the real work. When this happens, it is utter bliss. Unfortunately, it does not happen very often.

In 2006, Dove published a video on the internet. It is a little over a minute long and shows a model walking into a studio. The model is first shown in all her natural beauty and imperfections. Human imperfections. For a second we get the feeling this beauty is attainable. That we do not look too bad ourselves. Next, the model gets her hair and make-up done. The flaws are fading away, transforming the model into a vision we know all too well: one of unattainable beauty. She gets her pictures taken, which are then photo-shopped. The neck becomes longer, the eyes a bit bigger, every imperfection of the skin gets brushed away, the face becomes completely perfect. Unattainably perfect. Why did Dove want to expose this? The answer follows quickly: 'No wonder our perception of beauty is distorted. Take part in the Dove Real Beauty Workshops.' This clip was viewed around the world and went down in history as the first viral ad.

Dove did something very brave: the brand took a stance. It sided with women and condemned society's beauty standards. It tried to break a taboo. Bold, given the film came out at a time when runway models had to be skinny. Being skinny is a beauty ideal so forceful it can take lives: model Ana Carolina Reston Macan died of anorexia in 2006. It was in that same year and against that same backdrop that Dove decided to go against the flow and challenge the norm. For a brand that ultimately needs to increase its sales, this was a huge gamble. Dove knew it would most likely gain new clients, clients supporting the cause, but the brand could not have been sure how many consumers it would lose.

However, the campaign effectively broke the taboo. In 2004 only 23% of women felt that they influenced the general definition of beauty. Ten years later their share had gone up to almost 70%, partially thanks to Dove and its powerful idea.

We, as marketeers, only manage to achieve such a thing every once in a while. It is extremely difficult. You have to be able to sense what your consumer is thinking. You also have to be aware of what you can or cannot do as a brand. You need to have a vision and fully commit to it. Especially in a time where most companies focus on short-term results, this is no easy feat.

CHANGE MAKES US STRONGER

The transformational phase we find ourselves in today only renders matters even more difficult. It seems our trade is up in the air. Our business model is in freefall. The types of creative ideas that have been the cornerstones of all successful campaigns for years, have lost their edge, or so we believe. Consumers use ad blockers or delay watching television shows, only to avoid seeing our work. To add insult to injury, all of this is happening at the same time.

There are two ways to go about this. Either we can scream: ‘Help! This will not end well. The advertising industry is doomed, the next victim of the digital disruption!’ or we can keep our cool and look at this evolution as the next in line of the many changes in our industry over the years. There have already been a few, and every time we have come out stronger.

In this book, we obviously prefer the second reaction. We are standing at the beginning of the next golden age of the advertising industry. Up until the beginning of the century, we understood the (simpler) set of rules and knew how to manipulate them. Then the world turned digital and we applied our analogue set of rules to it. Which of course did not work, the malaise in our business serves as a perfect *corpus delicti*. Two decades later, we (have started to) understand that it is no longer about digital or traditional marketing. It is about marketing in a digital world. A digital world running on a new operating system, an OS with its own set of rules. We are also realising that this is merely a brief moment in advertising history. With artificial intelligence pushing us to the verge of yet another acceleration, this current obstacle shall soon pale in comparison.

OFF TO A BOTH OLD AND NEW MODEL

We are under the impression that the original Mad (Wo)Men Model has been becoming less effective over the years. Players in digital media are shouting from the rooftops that traditional forms of advertisement are not cutting it anymore, making us think that the whole of advertising is reducible to the efficient and inexpensive delivery of targeted messages. For them this is the age of 'left-sided brain marketing'. A headline can only use twenty-five characters, the body copy merely ninety. This canvas forces us to fall back on a short, rational rhetoric. Even though there are libraries filled with books pointing out the importance of emotional arguments. This confuses us. We are given the impression we need to choose between the old and the new. We do not!

As mentioned before, an architect building a skyscraper needs to adhere to the laws of physics. He does not have a choice. It is advised that this same architect also pays attention to the most current trends in design, but the existence of the skyscraper does not depend on implementing these trends. We do not have to choose between old and new at all. We have to keep what works from the old and replace what does not with the new. This will put our industry back on track. However, in order to do so, we will first have to understand where this track will lead us.

That is why we will first spend some time talking about the technological changes. Because today, there is only one real certainty: change will keep on coming, at a rapidly increasing pace. This makes today a very interesting time, a time made for the innovative Mad (Wo)Men, ready and wanting to move forward. Mad (Wo)Men who are not afraid to ride the (without a doubt, turbulent) winds of change.

A NEW OPERATING SYSTEM

In December 2016, Amazon launched its 'no checkout' supermarket: Amazon Go. A customer walks in, takes what he needs and walks back out. No more wasting time stood in line at the counter, because there simply is none. A combination of sensors, cameras, machines and mobile payments makes the fully automated process possible. However, that is not the only thing Amazon had in store that year: on the 7th of December 2016 they delivered a package by drone. The package contained a bag of popcorn and a streaming device. The time between the order and delivery was only thirteen minutes.

At the same time Uber launched its first fleet of autonomous taxis in Pittsburgh. In July 2017, the first batch of taxi drones performed a test flight in Dubai. It is now possible for clients to simply step into a drone, type in his or her destination after which it flies off, carrying the passenger along. Piaggio, the company best known for their iconic Vespas, is experimenting with Gita, an autonomous four-wheeled robot with a big 'stomach'. Customers can fill it up with whatever they like: groceries, backpacks, suitcases, whatever tickles their fancy. They can then just start walking and the robot will follow them anywhere they go.

Today, humanoid robots can be found in countless hospitals, helping patients on their roads to recovery, as well as in certain hotels, welcoming guests. Safe to say, the possibilities are endless and even though this is all 'digital', it still feels like a leap from the digital we know today: websites, mobile apps, social media and search engine marketing.

'Search' illustrates this perfectly. In 1996, Yahoo! was the biggest search engine. The company had staff categorising all of the websites they could find. There were only about 100,000 of them.[4] So in comparison to today, where we have access to more than 1.8 billion[5] websites, those in the Yahoo! database were merely a handful. The Yahoos, as Yahoo employees were called, were looking at the content of the sites to then put them into a category. Users could click on a category and have access to the list of websites, ready to start scrolling.

That was twenty years ago. Today we ask Siri, Alexa or Google assistant. A male or female voice (personal preference) answers. And we can ask anything. 'How tall is Mount Everest?' 'Find a hotel in Madeira.' 'Remind me to go to Tesco at 17:30.' 'How is traffic to work this morning?' 'How did I sleep last night?' 'Is it going to rain today? Send a text to my wife that I will be home on time.' Whatever we can think of, we can ask. This is how we are taking 'search' to the next level. Instead of typing in words or questions into a website, we are now referring to a virtual assistant. This requires less time and effort. And the consumer is greedy for more. Voice search is rising: 20% of all Google searches are voice activated. If you ask people when they started using it, 60% say 'less than twelve months ago'.[6] Things are changing fast.

The world of marketing is switching gears as well. Coca-Cola is looking into using Artificial Intelligence (AI) to make TV commercials that would score better than those made by traditional creative teams.[7] The experiment is part of their digital transformation plan. Mariano Bosaz, the Global Senior Digital Director at the company sees multiple uses for AI: scriptwriting, composing music, posting social media and buying media space.

Coca-Cola is not the only company looking into automating creative work. Jukedeck is a company that makes jingles and soundtracks, without musicians.[8] Computers handle the composing all by themselves. Hundreds of pages of sheet music are fed into their neural networks. The system learns how chords are built, what chords tend to follow each other and what the probability is of that happening. Two years ago, the result sounded like the music from an '80s videogame, today it sounds like the real deal.

It is clear that marketing is standing at a crossroads. Websites, apps and social media look like primitive tools from another era. In fact, they are. They were a part of the first digital era. Today we are entering the post digital age. That is what ‘The world is running on a new operating system’ entails.

THE LAW OF THE ACCELERATING RETURNS

It seems technological change is on steroids: it will not stop and it is rapidly gaining speed. Numerous times we wonder whether this is just a feeling or if it is actually the case. Well, it actually is. Two laws describe this speed of change. The first concerns modern history and modern history's acceleration: the Law of Accelerating Returns. The second is Moore’s law.

Let us start with modern history and its accompanying acceleration. Regardless of the digital forces, there is a fundamental law in the history of humanity stating that changes will follow one another faster and faster, making the period between two changes shorter and shorter. Ray Kurzweil, a futurist, inventor and senior executive at Google, calls this the 'Law of Accelerating Returns'.[9] More developed societies develop themselves faster than less developed societies, because they are, simply, more developed to do so.

Tim Urban illustrates this quite astonishingly on his website ‘Wait but Why’.[10] Urban wonders what would happen if we went back in time to 1750. We know we would find ourselves in a different world. Most of the people were living off of agriculture in the countryside. Houses were lit by candles. Pigeons took care of long range communications. Men wore wigs. Horses were the main means of transportation.

So, there we are, teleported to 1750. We stroll around for a while and enter a tavern. We meet some people. We invite one of them, a man, to join us in our travels back to 2018. We cannot imagine what that would do to a man from the 18th century. He sees incredibly wide lanes, with shiny capsules zooming past at immense speeds. We explain that this is our version of his carriages. He sees a window, not in a wall, but on a table. It is emitting light. A woman in the window looks at him. She asks him how he is doing. We explain that this woman is real and that she lives on the other side of the world. Magic! Witchcraft! We show him a small, rectangular box. He sees a map with a pulsing blue dot. We explain that the dot shows where he is. We zoom in. The map disappears and the street he sees in front of him appears on the box. The street is in the box. Sorcery. Pure wizardry. We do not have words to express what that man from the 18th century might feel at that time.

Imagine if that man wanted to share his experience with someone else, imagine him teleporting a woman from 1500 into 1750. That woman would not have the same unthinkable, mind-blowing experience, because life in the year 1500 did not differ enough from that in 1750. Even the ancient Greeks would probably not have been equally flabbergasted if they woke up in 1750. The man would have to go all the way back to the beginning of the agrarian revolution about 13,000 years ago to cause the same kind of shock.

This is what Kurzweil calls the 'Law of Accelerating Returns', and it is still applicable today. Changes between 1985 and 2015 were way bigger than during the thirty years between 1955 and 1985. You have to wonder where this might end. Well, that depends on who you are asking. Ask Kurzweil and your answer is clear: never. Change is permanent. The progress experienced in the 20th century will be achieved, at the rate of the year 2000, in twenty years. He believes we have realized the equivalent of all the progress of the previous century between 2000 and 2014. And if he is right, then we will make that same progress about a thousand times in this century. In other words, if we were to step into a time machine to 2050, we would probably experience the same as the man from 1750 did. What a future we have to look forward to!

MOORE'S LAW

However, Kurzweil's law of accelerating returns is not the only theory behind the onslaught of technical innovation. There is also *Moore's law*.

Gordon Moore is one of the pioneers of Silicon Valley. In 1957 he co-founded Fairchild Semiconductor, a company that designs and produces transistors. This company would become a key operation within the computer industry. However, in 1968, Gordon Moore left and, together with some other clever people, started a company called Intel that would become known from their

'80s slogan 'Intel inside'. Intel was to become another one of the key companies in Silicon Valley. So, Moore is not just anyone, he is considered one of the most important thinkers and businessmen from the computer industry of the past fifty years.

In 1965, the American magazine *Electronics* celebrated its 35-year existence. For the April edition it asked Moore to predict the future of the chip industry for the next ten years. If anyone had an idea of what was to come, it was Moore, they thought. Moore wrote an article titled 'Cramming more components into integrated circuits'.[11] In it he described how the number of transistors per square inch on a chip was doubling each year. The number of transistors per chip determines the power of a computer. If that number doubled every year, then the power would as well. For him this was not a temporary phenomenon. He predicted that a doubling of computing power will take place every twelve to eighteen months.

It is difficult to comprehend what a doubling of the worldwide computing power at that pace actually means. Ever since the invention of the chip, the power of computers has, at a rough estimate, doubled twenty-seven times.[12] Let us say we compare this to a car driving 3 miles an hour. After doubling that twenty-seven times, it will be racing by at 416 million miles an hour. One more doubling and it would be over a billion miles per hour. At that speed, it would take five minutes to travel to Mars.

That is the scale we have to think of when we talk about the evolution in computing power. We are driving today at 416 miles per hour. Therefore, we should not be surprised that we suddenly have access to human-like robots, artificial intelligence, self-driving cars and voice operated assistants like Alexa and Siri.

It is true that Moore's law is slowing down. We are not doubling our computing power every eighteen months anymore. However, today we are on our way to the 28th doubling and our car is now driving at over a million mph. The hockey stick effect is now fully manifesting.

Bearing those two laws in mind, it seems to make more sense that we jumped from websites to self-driving cars, robots and implementations of artificial intelligence in such a short time span. Even more, that today is not the end, but just a speck on a bigger timeline. This is not the first digital era anymore. This is the post-digital era. This is a world using a new operating system.
We will continually be amazed, experiencing wonder after wonder. It will of

course require a great deal of intellectual flexibility to be able to follow the exponential jumps technology will make every time Moore's law and the law of 'accelerating returns' come together to bring us to the next milestone.

THERE IS NO CRYSTAL BALL

In 2004, Blockbuster is the biggest video rental company in the United States. It has fifty million clients, sixty thousand employees and more than nine thousand outlets in more than twelve countries. The revenues peak at 5.9 billion dollars, the company has a market value of five billion dollar. Blockbuster rules the video rental market.

In 2000, John Antioco, Blockbuster's CEO, receives a visit from Reed Hastings, CEO of Netflix.[13] Netflix at that point is an online DVD rental company. You pick the DVD you want on Netflix' website and the company sends you the disk by post. After watching, you just send it back. In comparison to renting a DVD at Blockbuster, the Netflix model had two considerable flaws: it is not instant (the DVD is sent by mail, at Blockbuster you just take it with you) and you can send the DVD back whenever you like. In other words: Netflix has no penalties for overdue DVDs. This, of course, is not a problem for the consumer, but it is for Antioco. These penalties, those fines, amount to a big part of the company's total revenue. As Netflix works with a subscription system, an income from fines is not a part of it.

Hastings meeting Antioco is like David meeting Goliath. A small challenger meeting the emperor, the ruler of the market. Hastings' proposal is simple, but bold: Blockbuster promotes Netflix in all its outlets. Netflix would, on its end, take care of Blockbuster online. For all of this, Blockbuster would get a 49% share of Netflix. However, Netflix is not even a blip on Antioco's radar. Hastings was lucky to even get an appointment. His offer sounds weak and unprofitable. Why would Antioco even consider making his clients wait a day or more for their DVDs? And more importantly, why would he ever give up fines? It is like slaying the goose with the golden eggs. Obviously, Hastings has no idea how the video rental business worked. He is kindly dismissed.

The rest, as they say, is history. In 2010, Blockbuster declared itself bankrupt. Today, Netflix is worth more than 150 billion dollars. Blockbuster completely misread the digitalization. It chose for the status quo, it chose to do nothing. That is why it was not prepared for the decline in revenue that was coming and, once it was there, there was no time left to innovate and find new revenue streams.